



STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080
(916) 322-2270 • FAX (916) 324-3984
www.boe.ca.gov

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Second District, Lancaster

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Third District, Orange County

JEROME E. HORTON
Fourth District, Los Angeles

JOHN CHIANG
State Controller

CYNTHIA BRIDGES
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
NOTICE AND AGENDA
Meeting Agenda (as of 9/22/2014, 3:40 PM)

[Agenda Changes](#)

[Webcast on Tuesday, September 23, 2014](#)

Tuesday, September 23, 2014

10:00 a.m. Board Committee Meetings Convene*

Board Meeting convenes upon Adjournment of the Board Committee Meetings**

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair may modify the order of the items on the agenda.

Board Committee Meetings*

[Customer Service and Administrative
Efficiency Committee](#).....

Ms. Yee, Committee Chairwoman

1. Compliance Program Update
Staff will present an update on the sales and use tax compliance program.
2. 2015 Education and Outreach Plan
Staff will provide an update to the Board on the development of the BOE Education and Outreach Plan for 2015.
3. Update on OPEN BOE Data Portal
Staff will present an update on the accomplishments and plan activities.

[Business Taxes Committee](#)..... Ms. Steel, Committee Chairwoman

1. Proposed Amendments to Regulation 1588, *Seeds, Plants and Fertilizer*
Request approval and authorization to publish proposed amendments to specifically include carbon dioxide in the definition of fertilizer in Regulation 1588, *Seeds, Plants and Fertilizer*.

Board Meeting**

- A. Homeowner and Renter Property Tax Assistance Appeals Hearings
There are no items for this matter.

B. Corporate Franchise and Personal Income Tax Appeals Hearings
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

B1. Paula Trust, 759422 +

For Appellant: Sam Doolittle, Representative
Amy L. Silverstein, Attorney
Edwin P. Antolin, Attorney
Andrew McCullough, Attorney
For Franchise Tax Board: Sonia Woodruff, Tax Counsel
Doug Powers, Tax Counsel

B2. Denny L. Lira, 764604 +

For Appellant: Denny L. Lira, Taxpayer
For Franchise Tax Board: Samantha Nguyen, Tax Counsel
Diane Ewing, Tax Counsel

~~**B3. Ehud Yuhjtman and Dalia Yuhjtman, 772960 +**~~

~~For Appellants: Ehud Yuhjtman, Taxpayer
Dalia Yuhjtman, Taxpayer
For Franchise Tax Board: David Muradyan, Tax Counsel
Jean Cramer, Tax Counsel~~

C. Sales and Use Tax Appeals Hearings

(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

C1. Penryn Lumber Company, 554162 (KH) +

For Petitioner: Dale Martell, Taxpayer
James H. Koether, Representative
Matthew F. Heinrich, Representative
For Department: Cary Huxsoll, Tax Counsel

C2. World Marketing Leader, Inc., 602909 (GH) +

For Petitioner: Euson Huang, Representative
For Department: Scott Lambert, Hearing Representative

C3. Robert Gage Lesnett Revocable Trust, 625811 (UT) +

For Petitioner: Robert G. Lesnett, Taxpayer
For Department: Kevin Smith, Tax Counsel

D. Special Taxes Appeals Hearing

(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

D1a. Mox, Inc., 569235 (STF) +

D1b. Mox, Inc., 570251 (STF) +

For Taxpayer:

Betty Williams, Attorney

Todd Luoma, Attorney

James Bourbeau, Attorney

For Department:

Pamela Mash, Tax Counsel

There are no items for the following matters:

E. Property Tax Appeals Hearings

F. Public Hearings

G. Tax Program Nonappearance Matters – Consent(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

G1. Legal Appeals Matters Mr. Angeja

➤ Hearing Notice Sent – No Response

1. Airmonterey, LLC, 554600 (UT)

~~2a. Adnan Y. Daher and Marlaine B. Daher, 611328 (BH)~~~~2b. Adnan Y. Daher and Marlaine B. Daher, 611326 (BH)~~~~2c. Adnan Y. Daher and Marlaine B. Daher, 611324 (BH)~~

3. S. Peterson Enterprises, Inc., 597516, 597517 (AR)

➤ Petition for Release of Seized Property

4. Almokhtar Hussein Alfareh, 784927 (STF)

5. George Murrah and Feddah Daoud, 790418 (STF)

6. Yolanda Sahagun, 792727 (STF)

7. Khattar A. Tohme, 791350 (STF)

➤ Petitions for Rehearing

8. Mohammad Khalid, 559974, 721406 (DF)

~~9a. Rashid & Sons, Inc., 533211 (AS)~~~~9b. Three Four R, Inc., 532577 (AS)~~~~9c. RD 786 Enterprises, Inc., 533217 (AS)~~~~9d. Z & R Oil Corporation, 532457 (AS)~~

G2. Franchise and Income Tax Matters Mr. Thompson

➤ Hearing Notice Sent – No Response

1. Nicholas Anthony Czuczko, 621011

2. Elizabeth Johnson, 757564

➤ Decisions

3. Ace Ventures, LLC, 725833

4. David John Adlington, 663736

5. William S. Ayres, 628390

6. Shih Jung Bai and Claudia Y. Bai, 717459

7. Bayczech, LLC, 722046

8. Paul Betz and Amy Betz, 733123

9. D. Maurice Carmon, 733280

10. William L. Chapin, 732938

11. Carolyn L. Chiappino, 725819

12. Christina Choi, 712953

13. Kambiz Dianatkhah, 732681
 14. Jason L. Diaz and Sherri A. Diaz, 739067
 15. Gary P. Dubois, 743473
 16. Ray Exley, 738670
 17. Christy Foley and Patrick Foley, 728000
 18. Samuel W. Fordyce and Sally G. Fordyce, 731247
 19. Shin Ham J. Fu and Shu Chu Fu, 609646
 20. Charles K. Gifford, Jr. and Elizabeth P. Gifford, 743474
 21. Daxius Gregory, 740006
 22. Wolfgang Haerle and Cornelia Haerle, 589266
 23. Michael Hernandez, 717026
 24. Wood R. Hill and Dena M. Hill, 742683
 25. Martin Horcasitas, 678063
 26. Fletcher H. Hyler, 608068
 27. Eugene Kohl and Mary Lou Kohl, 626152
 28. Geneal Majors, 741233
 29. James A. Morgan and Mary Alice Morgan, 724155
 30. Daniel Rivas, 782692
 31. Veronica Rogers (Chormicle) and Michael Chormicle, 574411
 32. Segall Geophysical Services, LLC, 738606
 33. Xiaoyu Sun, 716472
 34. Charles Updegrove, 756086
 35. Eugene Vollucci and Barbara Vollucci, 595337
 36. Pauline E. Wallner, 727531
 37. William H. Gietter Trust B, 594611
 38. James A. Wittling and Angela Wittling, 719027
 39. Irving P. Zuckerman and Christine S. Zuckerman, 741825
 - Petitions for Rehearing
 40. George Mak, 610342
 41. David R. Mills, 715376
 - 42a. Glen Steward and Jill Steward, 631064
 - 42b. Gregory Bischoff and Bonita Bischoff, 635970
- G3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.
- G4. Sales and Use Taxes Matters.....Mr. McGuire
- Redeterminations
 1. Hoshizaki America, Inc., 734257 (OH)
 2. Michael P. Layman, 658127 (EH)
 3. Dwight C. Esnard, 658125 (EH)
 4. Novitex Enterprise Solutions, Inc., 743694 (OH)
 5. McDonnell Douglas Corporation, 496917 (OH)
 6. World Wide Parts & Accessories Corp., 718126 (CH)
 7. Ricoh Production Print Solutions, LLC, 611793 (OH)
 - Relief of Penalty/Interest
 8. Capital Dynamics US Solar-Procurement 1, LLC, 823083 (BH)
 9. Abener Teyma Mojave General Partnership, 814058 (OH)
 - Denials of Claims for Refund
 10. Cig Financial, 482553 (EA)

- Grant-One Day Interest Relief
 11. S&S Seeds, Inc., 816212 (GH)
 12. Creative Bus Sales, Inc., 823086 (EH)
 13. The Bradbury Company, Inc., 816216 (OH)
 14. Business Interiors Northwest, Inc., 814060 (OH)
 15. Cemex Construction Materials Pacific, LLC, 816213 (OH)
 16. JBK Enterprise Group, Inc., 814059 (DF)
 17. Sonia Evelyn Santos, 816219 (CH)
 18. Vermont Outlet, Inc., 823087 (AS)
 19. Zep Vehicle Care, Inc., 823084 (OH)
 20. Sonus-USA, Inc., 816218 (OH)
 21. CP Sales, LLC, 814061 (OH)

G5. Sales and Use Taxes Matters – Credits, Cancellations, and RefundsMr. McGuire

- Credits and Cancellations
 1. Benjarong, Inc., 814371 (EH)
- Refunds
 2. S.C. Johnson & Son, Inc., 772181 (JH)
 3. Marble Systems Installation, Inc., 597555 (BH)
 4. Fletcher Jones Motor Cars, Inc., 668913 (EA)
 5. 7-Eleven, Inc., 601929 (OH)
 6. Professional Hospital Supply, Inc., 772603 (EH)
 7. Bank of the West, 719655 (CH)
 8. Optical Coating Laboratory, Inc., 815747 (JH)
 9. Century Theatres, Inc., 814038 (OH)
 10. The Boeing Company, 812759 (OH)
 11. Miller Brewing Company, 799352 (EA)
 12. Cinemark USA, Inc., 814042 (OH)
 13. Howard Hughes Medical Institute, 609233 (OH)
 14. BMW of North America, 822159 (OH)
 15. Chrysler, LLC, 819045 (OH)
 16. UPS Oasis Supply Corp., 628391 (OH)
 17. Remec Microwave, Inc., 760066 (FH)
 18. Berlin Packaging, LLC, 785271 (OH)
 19. PGA Tour, Inc., 744433 (OH)
 20. Nisacayah, Inc., 773743 (CH)
 21. Edison Material Supply, LLC, 770275 (EA)
 22. Mobile Mini, LLC, 742808 (OH)
 23. Abaxis, Inc., 823049 (CH)
 24. Citrix Systems, Inc., 594263 (OH)
 25. Hitachi Data Systems Credit Corp., 774774, (GH)
 26. Lobel Financial Corporation, 603823 (EA)
 27. Lobel Financial Corporation, 785254 (EA)
 28. IPC (USA), Inc., 711957 (EA)
 29. United Auto Credit Corporation, 799340 (EA)
 30. Scholastic Book Fairs, Inc., 627529 (OH)
 31. Sysmex America, Inc., 738981 (OH)
 32. Cig Financial, 482553 (EA)
 33. Qualcomm Mems Technologies, Inc., 817506 (FH)
 34. Williams Scotsman, Inc., 531532 (OH)

- 35. Clearedge Power, Inc., 788455 (OH)
- 36. MC Sign, LLC, 624856 (OH)
- 37. Compumail Information Services, Inc., 814624 (CH)
- 38. West Coast University, Inc., 774771 (EA)
- 39. JX Nippon Oil & Energy Corp., 731956 (OH)
- 40. Western Federal Credit Union, 745218 (AS)

- G6. Special Taxes Matters
There are no items for this matter.
- G7. Special Taxes Matters – Credits, Cancellations,
and Refunds Ms. Bartolo
 - Refunds
 - 1. CSAA Insurance Exchange, 817248 (STF) ‘CF’
- G8. Property Tax Matters Mr. Kinnee
 - Timber Yield Tax Claim for Refund
 - 1. J.W. Bamford, Inc., 840852

There are no items for the following matters:

- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory

(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

- H1. Legal Appeals Matters Mr. Angeja
 - Hearing Notice Sent – No Response
 - 1. Jeffrey Scott Mankins, 467919, 760227 (FH) +
 - Cases Heard Not Decided
 - 2. ~~James Eugene Goldstein, 442332 (AC) +~~
 - 3. College Shell, LLC, 576308 (AR) +
 - 4. Y & S Enterprises, Inc., 492513 (EA) +
 - Petitions for Rehearing
 - 5. Anderson Audio Visual-East Bay, LLC, 511892 (CH) +
 - 6. Andrew Steven Roganson, 538417, 737457 (AC) +
 - Section 40 (AB 2323) Matters
 - 7. Akop Jack Chichyan, 388129 (STF) +
- H2. Franchise and Income Tax Matters Mr. Thompson
 - Hearing Notice Sent – No Response
 - 1. Daniel F. Dong, 734198
 - 2. ~~Reynolds K. Ohai, 624635~~
 - 3. Ned Yamin and Haideh Yamin, 603221
 - Decisions
 - 4. Alberto A. Delpino, 576143
 - Petitions for Rehearing
 - 5. Todd Bentley and Kate Bentley, 593582
- H3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.

- H4. Sales and Use Taxes Matters.....Mr. McGuire
- Redeterminations
 1. Sony Electronics, Inc., 524880 (OH)
- H5. Sales and Use Taxes Matters – Credits, Cancellations, and RefundsMr. McGuire
- Refunds
 1. Sony Electronics, Inc., 825512 (OH)

There are no items for the following matters:

- H6. Special Taxes Matters
 H7. Special Taxes Matters – Credits, Cancellations, and Refunds
 H8. Property Tax Matters
 H9. Cigarette License Fee Matters
 H10. Legal Appeals Property Tax Matters

I. Tax Program Nonappearance Matters

(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

- I1. Property Taxes Matters.....Mr. Kinnee
- Audits
 1. BCE Nexxia Corporation (8032) 'CF'
 2. AboveNet Communications, Inc. (7837) 'CF'
 - Board Roll Changes
 3. 2011, 2012, and 2013 Board Rolls of State-Assessed Property 'CF'
- I2. Offer in Compromise Recommendations.....Mr. Anderson
1. Audcon Group of Companies, Inc.
 2. John A. Bart
 3. Tye Allon Bayless
 4. California Granite & Tile, Corp.
 5. James David Frasco
 - 6a. Karanjit Singh Gill
 - 6b. Jasvir Kaur Gill
 7. Valeri Ghazaryan
 8. Richard Nolan Hill
 9. King Capital, LLC
 - 10a. Jason Yoohwan Oh
 - 10b. Jane Yoon Oh
 11. Rigoberto Pena
 12. Laquetta Karen Perry
 13. R & R Furniture Co., Inc.
 14. William Warren Rader
 15. Gary Beeman Rogers
 - 16a. SCB, LLC
 - 16b. Stephen Wolchuk
 17. Nam Ky Ton
 18. John Michael Villeneuve
- I3. Local Tax Reallocation Matters.....Ms. Nienow
- Section 40 (AB 2323) Matters
 1. [City of Fillmore, 626418 +](#)

Chief Counsel Matters

Items that appear under these matters provide information to the Members and may require Board action or direction.

J. Rulemaking Section 100 Changes

- J1. Cigarette and Tobacco Products Licensing Act Regulations 4604, *Penalties for Licensed or Unlicensed Wholesalers and Distributors*, and 4605, *Penalties for Licensed or Unlicensed Manufacturers and Importers* +Mr. Heller

Staff request for authorization to complete Section 100 changes to correct statutory references in Regulations 4604 and 4605 and to update a reference to a regulation in Regulation 4604.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

Administrative Session

Items that appear under these matters provide information to the Members and may require Board action or direction.

- N. **Consent Agenda** Ms. Richmond
(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

N1. Retirement Resolutions +

- | | |
|---------------------|------------------------------|
| • Christine Cardoza | • Amy A. Hibbitt |
| • Doris Y. Chiang | • Wayne G. Hill |
| • Roberta Cornell | • Brian Ishimaru |
| • Donna M. Corrigan | • Steven C. Kamlin (Amended) |
| • Julio DeAnda | • Kevin Long |
| • Julie Elliott | • Cherie L. McCormick |
| • Terry Elliott | • Mark Peletta |
| • Diane L. Griffin | • Charles Press |
| • Rick Guidera | • Gregory Reynolds |
| • Marie Hernandez | • Kathleen Roberts |

N2. Approval of Board Meeting Minutes

- July 17, 2014 +
- August 5-6, 2014 +

N3. Proposed revisions to Audit Manual, Chapter 3, *Audit Working Papers* +

N4. Proposed revision to Compliance Policy and Procedures Manual, Chapter 5, *Returns* +

N5. Adoption of Property Tax Form +

- BOE-64-SES *Initial Purchaser Claim for Solar Energy System New Construction Exclusion*

The instructions to this property tax form were revised to accommodate revisions to Revenue and Taxation Code section 73 made by Senate Bill 871, effective June 20, 2014.

O. Adoption of Board Committee Reports and Approval of Committee Actions

- O1. Customer Service and Administrative Efficiency Committee
- O2. Business Taxes Committee

P. Other Administrative Matters

- P1. Executive Director's Report Ms. Bridges

- 1. **Report on Fiscal Year 2013-14 Accomplishments +**

An update on accomplishments for FY 2013-14 consistent with the BOE's *Strategic Plan 2010-15*.

- 2. **Approval of the 2015 Board Workload Plan +**

The plan consists of the 2015 Board meeting calendar, annual property tax calendars, and significant dates considered in setting Board meeting dates.

- 3. CROS Project Update and Actions Mr. Steen
- Progress on the CROS project to replace BOE's two current tax legacy technology systems.

- P2. Chief Counsel Report..... Mr. Ferris

- 1. Tax Recovery and Criminal Enforcement..... Mr. Silva
- Status Update on the Revenue Recovery and Collaborative Enforcement Act, and the Tax Recovery and Criminal Enforcement Team (Pilot Project).

- P3. Sales and Use Tax Deputy Director's Report Mr. McGuire

- 1. **Revenue and Taxation Code Section 6355, *Coins and Bullion*, "Bulk" Sale Threshold for 2015 +**

Report on the continuation of the current bulk sale exemption threshold of \$1,500 in Sales and Use Tax Regulation 1599, *Coins and Bullion* (Rev. & Tax. Code, § 6355) for 2015.

P4. Property and Special Taxes Deputy Director's Report

1. [Informational Report on the 2015 Hazardous Substances Fees and Occupational Lead Poisoning Prevention Fee Rates +.....](#) Ms. Bartolo

Report on the rate setting for calendar year 2015 Hazardous Substances Program Fees and the Occupational Lead Poisoning Prevention Fee.

There are no items for the following matters:

- P5. Administration Deputy Director's Report
- P6. Technology Deputy Director's Report
- P7. External Affairs Deputy Director's Report

Announcement of Closed Session Ms. Richmond

Q. Closed Session

- Q1. Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code, §§ 6901, 7093.5, 30459.1, 50156.11).
- Q2. Discussion of response to confidential final draft audit report from the Bureau of State Audits (Gov. Code, § 11126.2(a)).
- Q3. Pending litigation: *California Insurance Company v. California State Bd. of Equalization*, Los Angeles Superior Court Case No. BC530993 (Gov. Code, § 11126(e)).
- Q4. Discussion and action on personnel matters (Gov. Code, § 11126(a)).

Announcement of Open Session..... Ms. Richmond

Adjourn

General information regarding Board and Committee Meetings can be found at www.boe.ca.gov/meetings/boardcomm.htm. If you would like specific information regarding items on this Notice and Agenda, please telephone (916) 322-2270 or email: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

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The hearing location is accessible to people with disabilities. Please contact Rose Smith at (916) 323-9656, or email Rose.Smith@boe.ca.gov if you require special assistance.

Joann Richmond, Chief
Board Proceedings Division

- * Public comment on any committee agenda item will be accepted at the beginning of the committee meeting. Subsequent to committee meetings, committee agenda items may be taken up separately during the Board meeting.
- ** Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- + Material is available for this item.
- ++ Material will be available at a later date.
- 'CF' Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.